

weekly economic review

August 17, 2012

Consumer Price Index (CPI)

Inflation cools further

Alberta's CPI inflation rate slowed to 0.9% in July from 1.3% in June. The moderation was mainly due to falling energy prices (-5.6%); excluding this volatile component inflation was 1.6%. Modest price increases in rented accommodation (1.3%) and owned accommodation (1.1%) also helped tame inflation.

Nationally, the inflation rate fell to 1.3% in July, down from 1.5% in June, also due to lower energy prices. This tepid inflation reading should help ease fears that the Bank of Canada will raise interest rates in the near future.

Manufacturing Shipments

Shipments dip, but still ahead of last year

Alberta manufacturing shipments have fallen to their lowest level in ten months, decreasing 2.6% to \$6.0 billion in June. Petroleum and coal product shipments (-19.3%) led the drop as lower prices and temporary shutdowns at refineries hobbled shipments. Excluding petroleum and coal products, shipments actually rose 2.8% in June.

Despite the monthly decline, manufacturing shipments increased 5.8% over June 2011. In the first half of the year, shipments have grown 10.6% compared with the same period in 2011.

Nationally, manufacturing sales slid 0.4% on a monthly basis, but were up 6.9% over June 2011, led by large gains in Newfoundland and Labrador and Saskatchewan.

New Motor Vehicle Sales

Auto sales remain above 2011 levels

Vehicle sales in Alberta increased a solid 5.8% year-over-year in June. Albertans bought 23,502 vehicles in

June and 17,219 of those purchases were trucks. At the national level, June vehicle sales increased by 3.0% over last year to 173,190.

Resale Housing Market

Resale market inches into sellers' territory

Sales of existing homes edged down 0.2% in July, following June's 0.4% increase. However, when compared to the same month last year, existing home sales surged by 10.6%, marking the 15th straight month of year-over-year increases. With July's sales numbers, the Alberta resale market crept into sellers' territory for the first time in almost three years, posting a sales-to-new listings ratio of 0.61.

At the national level, sales of existing homes was virtually unchanged from the previous month, but up 1.9% from July 2011.

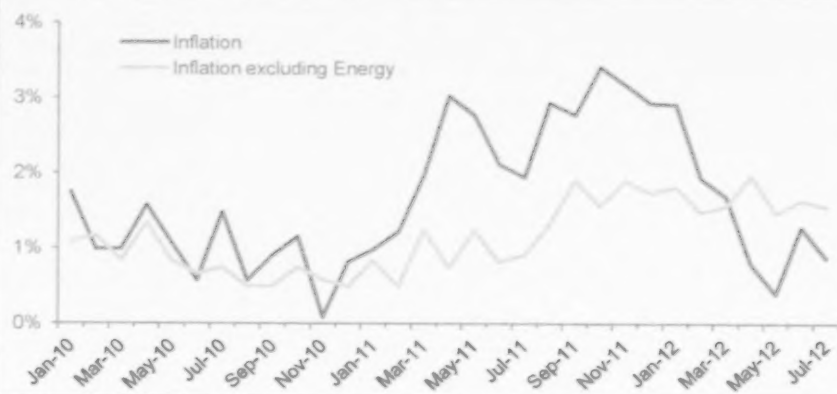
The average resale home price in Alberta grew by 3.1% year-over-year to \$362,768. Nationally, the average resale home price was \$357,998 down 1.0% from July 2011.

International Securities Transactions

Foreign investors reduce holdings of Canadian securities

Foreigners were net sellers of \$7.9 billion of Canadian securities in June after record net buying of \$26.1 billion in May. The outflow of funds was largely due to seasonality; June is a month when a large number of bonds expire and principle must be repaid.

Alberta CPI Inflation



Source: Statistics Canada

Closing Prices	August 9, 2012	August 17, 2012	2012-13 Fiscal YTD
Canadian Dollar (US\$/CAN)	100.77	101.16	99.10
WTI Oil (\$US/bbl)	\$93.36	\$98.01	\$92.09
NYMEX Natural Gas (\$US/MMBtu)	\$2.95	\$2.72	\$2.55

Alberta Economic Indicators¹

	2010	2011	2012YTD	Feb	Mar	Apr	May	Jun	Jul
Population									
Population (1000s)	3,721	3,779	3,847	-	-	3,842	-	-	-
% change	1.3	1.5	2.0	-	-	3.4	-	-	-
Net International Migration ² (level)	-3,271	-13,660	-22,542	-	-	-12,246	-	-	-
Net International Migration ² (level)	21,783	14,093	17,506	-	-	8,671	-	-	-
Net Non-Permanent Resident ² (level)	125	7,989	5,042	-	-	2,642	-	-	-
Labour Market									
Employment (1000s)	2,018	2,095	2,141	2,125	2,131	2,145	2,153	2,149	2,150
% change	-0.4	3.8	2.2	-0.8	0.7	0.6	0.4	-0.2	0.0
Unemployment Rate (%)	6.5	5.5	4.8	5.0	5.3	4.9	4.5	4.6	4.6
Participation Rate (%)	72.8	73.7	73.7	73.7	74.0	73.9	73.7	73.3	73.3
Average Weekly Earnings (\$)	993.28	1,038.69	1,056.23	1,054.81	1,054.95	1,058.84	1,067.08	-	-
% change	4.0	4.6	2.4	3.4	3.1	2.7	1.4	-	-
Price Indices									
NEW: Consumer Price Index	1.0	2.4	1.4	1.9	1.7	0.8	0.4	1.3	0.9
Excluding food and energy	0.7	0.6	1.5	1.0	1.5	2.1	1.5	1.6	1.4
NEW: Non-Res. Building Costs Price Index ³	0.1	3.4	4.3	-	4.5	-	-	4.1	-
Farm Product Price Index	-1.5	17.2	4.1	3.2	2.0	-	-	-	-
Index	-9.7	18.5	-3.0	1.9	-4.4	-	-	-	-
Base	-5.7	17.2	10.9	9.4	3.2	-	-	-	-
Household Sector									
Housing Starts (CANSIM 25317)	26.9	25.5	33.2	32.1	34.6	39.7	39.6	33.9	31.3
% change	34.8	-5.2	46.2	42.3	76.5	29.6	33.8	49.6	23.5
New Housing Price Index ⁴	0.5	0.4	0.8	0.3	0.6	1.2	1.0	1.2	-
Edmonton	0.8	0.9	0.9	0.1	0.6	1.3	1.1	0.8	-
Calgary	1.8	-0.1	0.8	0.4	0.8	0.9	0.9	1.2	-
NEW: MLS Average Resale Price (\$1000s)	350.9	352.7	359.2	363.5	369.6	362.5	366.5	360.5	362.8
% change	3.1	0.5	1.7	1.2	2.5	1.3	0.9	-2.7	0.1
Edmonton (\$1000s)	326.5	324.2	330.3	334.5	331.1	337.1	333.7	332.8	331.6
% change	2.3	-0.7	2.9	4.8	2.8	3.3	4.0	0.7	1.3
Calgary (\$1000s)	397.4	401.9	408.6	410.5	407.8	408.0	413.9	410.3	410.7
% change	3.4	1.1	0.8	0.5	-0.4	1.3	2.4	-2.3	0.0
Retail Sales	6.0	6.9	9.4	9.4	10.0	7.9	8.9	-	-
NEW: New Motor Vehicle Sales	9.5	9.6	13.8	20.8	12.9	1.1	22.6	5.8	-
Consumer Bankruptcies (level)	8,150	7,020	2,656	533	668	523	615	-	-
% change	18.4	-13.6	-15.7	16.3	16.5	18.3	-16.3	-	-
Business Sector									
Risk Drilling (level)	207	285	252	453	388	141	89	139	109
% change	61.3	37.9	0.6	9.9	-15.5	14.4	4.5	-7.3	-17.5
Goods Exports (seasonally adjusted)	12.6	18.5	9.2	16.4	9.0	17.0	1.6	1.1	-
Energy	17.4	19.4	11.0	15.4	10.0	24.3	2.4	1.6	-
Agriculture	-14.3	-21.4	16.4	18.3	26.3	16.3	10.2	0.3	-
Total Farm Cash Receipts (quadrants)	-3.7	16.3	29.3	-	28.3	-	-	-	-
NEW: Manufacturing Shipments	11.3	18.0	10.6	15.7	12.2	8.4	7.4	5.8	-
Wholesale Trade	8.5	15.0	16.7	16.9	14.5	19.4	18.9	-	-
Building Permits	1.3	11.8	15.5	22.6	26.9	49.5	30.2	4.4	-
Residential	22.4	5.2	21.1	58.2	21.8	2.0	37	10.9	-
Non-residential	18.3	20.9	9.0	-32.9	64.6	158.3	13.2	-3.0	-
Business Bankruptcies (level)	378	264	112	25	19	20	28	-	-
% change	-6.7	-30.2	-4.3	13.5	-26.9	17.6	27.3	-	-

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year.

¹Unless otherwise indicated, all figures are year-over-year percentage change.

²Quarterly annual numbers are presented on a census year basis (July 1-June 30).

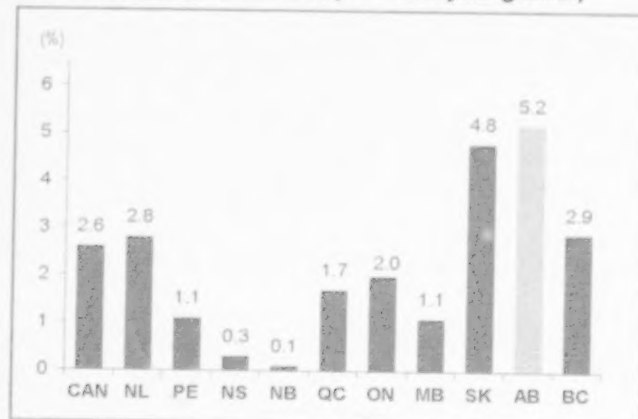
³Quarterly, average of Calgary and Edmonton.

⁴Average of Calgary and Edmonton.

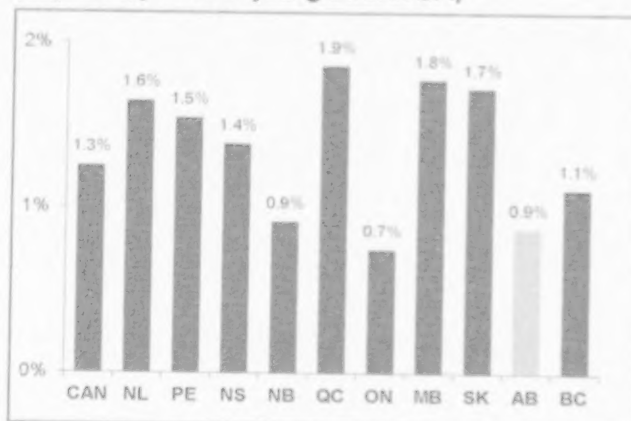
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Risk Drilling (Canadian Association of Oilfield Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

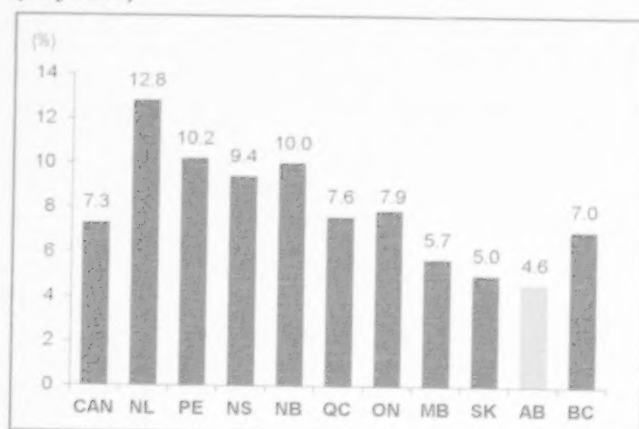
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



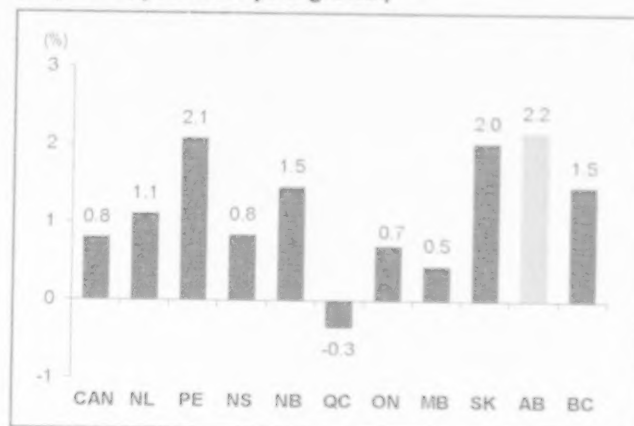
CPI Inflation
(July 2012, year-over-year growth in CPI)



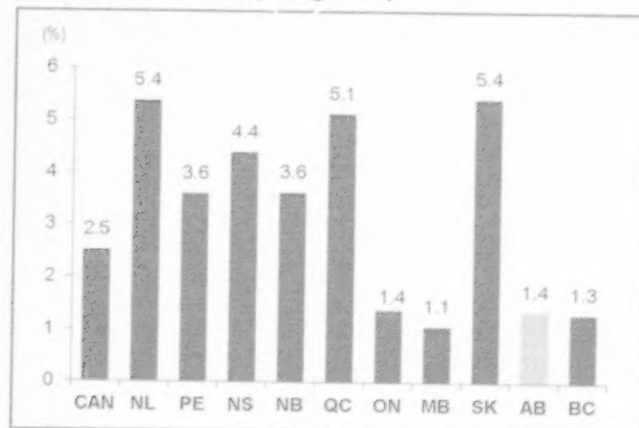
Unemployment Rate
(July 2012)



Employment
(July 2012, year-over-year growth)



Average Weekly Earnings
(May 2012, year-over-year growth)



Housing Starts
(July 2012, SAAR, year-over-year growth)

